

2012 Integrated Resource Plan Recommendation

**Energy & Environment Committee
Seattle City Council
July 24, 2012**

City Light Integrated Resource Plan

- Three Key Questions:
 - How Much?
 - When?
 - What Kind?
- Objectives:
 - Sufficient Power Supply for Reliability of Service
 - Meeting I-937 and HB1010 State Regulatory Requirements
 - Appropriate Mix of Costs and Risks
 - Stakeholder and Public Involvement

Four Key Trends and Their Impacts

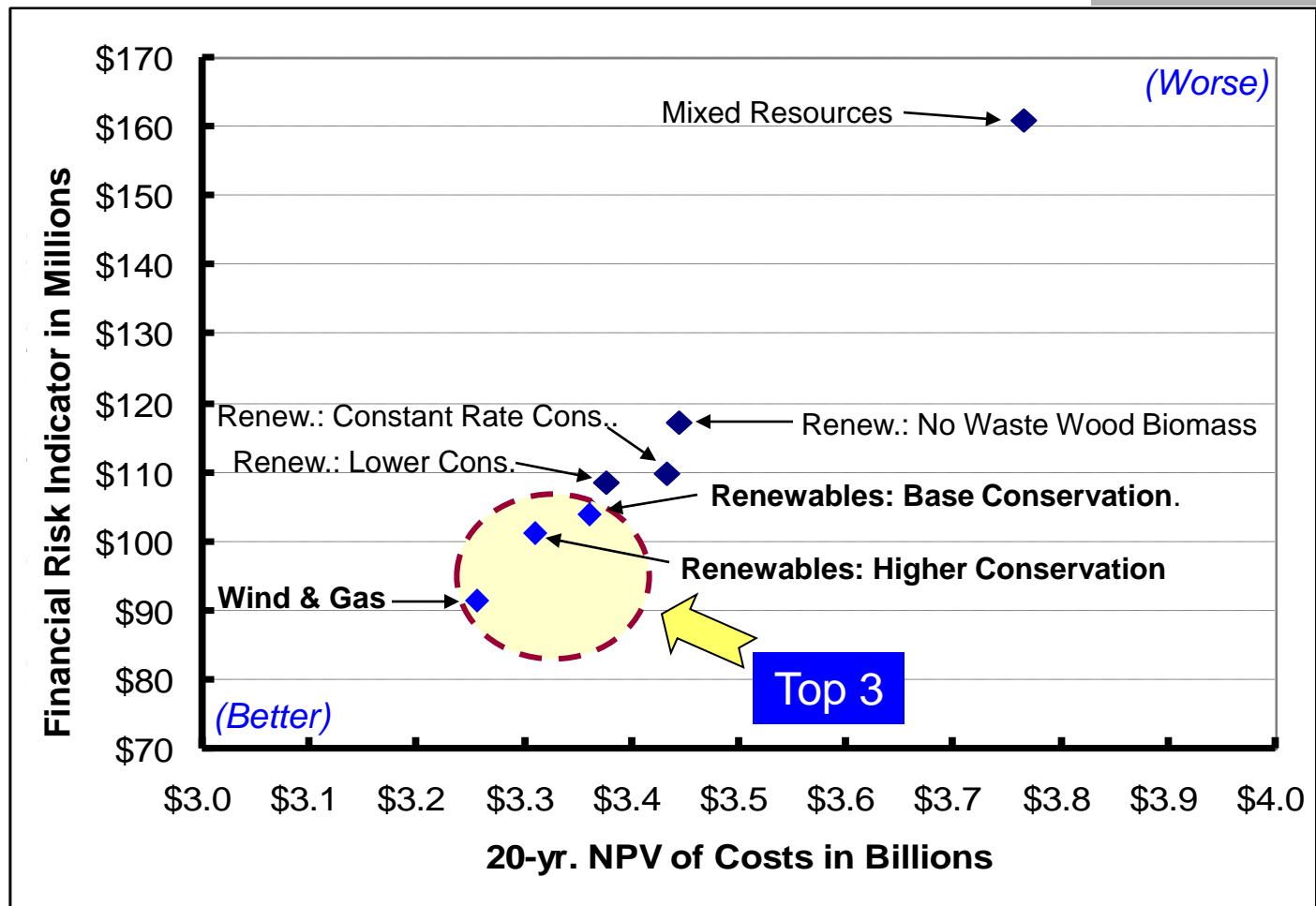
- Low Natural Gas and Wholesale Power Market Prices
 - Surplus energy is sold for less in the wholesale power market
- Lower Cost Renewable Energy Credits (RECs)
 - Widens the cost gap between renewables (RECs included) and natural gas generation (plus purchased RECs)
- Delayed and Lower CO2 Costs
 - Makes natural gas and other fossil fuel generation even more cost-competitive with renewables
- Slow Economic Recovery and Slow Demand Growth
 - Delays new resource needs for City Light

Top 3 Draft Portfolios: New Resources by Category 2012-2018

Candidate Portfolios	Conservation (aMW)	Renewables (aMW)	Natural Gas (aMW)
Wind & Gas	97	0	0
Higher Conservation	109	0	0
Renewables: Base Conservation	97	0	0







Through 2018, only conservation resources are in the candidate portfolios

Combined View of 20-Year Cost and a Financial Risk Indicator



Note: The natural gas (only) portfolio was eliminated because of clear inconsistency with Council resolution 30144

Top 3 Portfolios: Fit with Objectives

Candidate Portfolios	Meet Load Growth with Conservation and Renewables	Consistent With SCL Strategic Plan	No Additional Rate Impacts 2013 - 2018
Wind & Gas			
Renewables: Higher Conservation			
Renewables: Base Conservation			

Public Input

- IRP Stakeholders
 - Reviewed work and advised City Light at key points throughout the process
 - Letter of support for recommended plan
- Public Meetings
 - North Seattle, Downtown, and South Seattle
- IRP Website and Email Address

Renewables – Base Conservation

Cumulative Total Average Megawatts

	Conservation	Landfill Gas	W. Waste Biomass	Hydro Efficiency	Wind	Geothermal	Photovoltaic	Short-Term Market	RECs	Total RECs & Resources
2012	14									14
2013	27									27
2014	41									41
2015	55									55
2016	69									69
2017	83								3	86
2018	97							10		107
2019	111									111
2020	125	8								133
2021	139	8							7	154
2022	153	8	30							191
2023	167	8	40	5	20					240
2024	181	8	40	5	90					323
2025	194	8	40	5	100					347
2026	205	8	40	5	125					382
2027	213	8	40	5	125					390
2028	220	8	40	5	125			15		412
2029	227	8	40	5	125					404
2030	233	8	40	5	125					410
2031	237	8	40	5	125	20	20			455

Key Action Items

Actions	2012	2013
Resource Plan Implementation		
Pursue accelerated conservation in the amounts targeted in the preferred portfolio	14 aMW by end of 4 th Qtr	14 aMW by end of 4 th Qtr
Continue to acquire RECS, per the resource acquisition strategy, in order to meet the I-937 requirement	Acquire an annual average of 7.3 aMW to meet requirements	Acquire an annual average of 7.3 aMW to meet requirements
Future Resource Costs		
Complete a new conservation resource potential assessment for use in resource planning and I-937 compliance	Complete CPA project design	Complete study and report results for use in 2014 IRP and I-937
Engage BPA to limit the cost drivers in the FY 2013-14 rate case	Ongoing	Ongoing
Continue to conduct, monitor and support research on the impacts of climate change to City Light hydropower plant operations and customer's energy needs	Ongoing	Ongoing

Questions or Comments?

IRP Website Address:

<http://www.seattle.gov/light/news/issues/irp/>

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